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RECEIVED DISTRICT COURT  
CENTRAL DISTRICT OF CALIF.  
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**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA**

AVI GOLD, Individually  
and on Behalf of All Others Similarly  
Situating,

Plaintiff,

vs.

BRAD A. MORRICE, TAJ S. BINDRA,  
ROBERT K. COLE, PATTI M. DODGE,  
NEW CENTURY FINANCIAL CORP.,

Defendants.

CIVIL ACTION

CV07-00931

CASE NUMBER

CLASS ACTION COMPLAINT  
FOR VIOLATION OF FEDERAL  
SECURITIES LAWS

JURY TRIAL DEMANDED

1 Plaintiff, by and through his attorneys, alleges the following upon  
2 information and belief, except as to those allegations concerning Plaintiff, which  
3 are alleged upon personal knowledge. Plaintiff's information and belief are based  
4 upon, among other things, his counsel's investigation, which includes without  
5 limitation: (a) review and analysis of regulatory filings made by New Century  
6 Financial Corporation ("New Century Financial" or the "Company") with the  
7 United States Securities and Exchange Commission ("SEC"); (b) review and  
8 analysis of securities analysts' reports concerning; (c) review and analysis of press  
9 releases and media reports issued by and disseminated by New Century Financial;  
10 and (d) review of other publicly available information concerning New Century  
11 Financial.

12 1. This is a class action against New Century Financial and certain of its  
13 officers and directors for violation of the federal securities laws. Plaintiff brings  
14 this action on behalf of himself and all other persons or entities, except for  
15 Defendants and certain of their related parties as described below, who purchased  
16 New Century Financial securities (the "Class") during the period May 4, 2006  
17 through February 7, 2007, inclusive (the "Class Period").

### 18 **JURISDICTION AND VENUE**

19 2. This Court has jurisdiction over the subject matter of this action  
20 pursuant to 28 U.S.C. §§ 1331, and 1367, and Section 27 of the Securities  
21 Exchange Act of 1934 (the "Exchange Act") (15 U.S.C. § 78aa).

22 3. This action arises under Sections 10(b) and 20(a) of the Exchange Act  
23 (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated under Section 10(b)  
24 (17 C.F.R. § 240.10b-5).

25 4. Venue is proper in this District pursuant to Section 27 of the  
26 Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1391(b) and (c). Substantial  
27 acts in furtherance of the alleged fraud and/or its effects have occurred within this  
28 District, and the Company maintains its principal executive offices in this District.



1 reviewing and/or disseminating the false and misleading statements and  
2 information alleged herein, were aware or deliberately disregarded that the false  
3 and misleading statements were being issued regarding the Company, and  
4 approved or ratified these statements in violation of the federal securities laws.

5 13. As officers and directors and controlling persons of a publicly held  
6 company whose common stock was, and is, registered with the SEC pursuant to  
7 the Exchange Act, traded on the New York Stock Exchange, and governed by the  
8 provisions of the federal securities laws, the Defendants had a duty to disseminate  
9 promptly accurate and truthful information with respect to the Company's financial  
10 condition and performance, growth, operations, financial statements, business,  
11 products, markets, management, earnings, and present and future business  
12 prospects, and to correct any previously issued statements that had become  
13 materially misleading or untrue, so that the market price of the Company's  
14 common stock would be based upon truthful and accurate information.  
15 Defendant's misrepresentations and omissions during the Class Period violated  
16 these specific requirements and obligations.

17 14. Defendants participated in the drafting, preparation and/or approval of  
18 the various public, shareholder and investor reports and other communications  
19 complained of herein, and were aware of, or deliberately disregarded, the  
20 misstatements contained therein and omissions therefrom, and were aware of their  
21 materially false and misleading nature. Defendants had access to the adverse,  
22 undisclosed information about the Company's operations, the financial condition  
23 and performance of the Company as particularized herein and knew (or  
24 deliberately disregarded) that these adverse facts rendered the positive  
25 representations made by or about New Century Financial and its business issued or  
26 adopted by the Company materially false and misleading.

27 15. Defendants were able to and did control the content of the various  
28 SEC filings, press releases and other public statements pertaining to the Company

1 during the Class Period. Defendants were provided with copies of the documents  
2 alleged herein to be misleading prior to or shortly after their issuance and/or had  
3 the ability and/or opportunity to prevent their issuance or cause them to be  
4 corrected. Accordingly, Defendants are responsible for the accuracy of the public  
5 reports and releases detailed herein and are therefore primarily liable for the  
6 representations contained therein.

7 16. Defendants are liable as a participant in a wrongful scheme and course  
8 of business that operated as a fraud or deceit on those who purchased or otherwise  
9 acquired New Century Financial common stock during the Class Period by  
10 disseminating materially false and misleading statements and/or concealing  
11 material adverse facts. The scheme deceived the investing public regarding New  
12 Century Financial business, operations, and the intrinsic value of the Company's  
13 common stock, and caused plaintiff and other members of the Class to purchase  
14 New Century Financial common stock at artificially inflated prices.

#### 15 **CLASS ACTION ALLEGATIONS**

16 17. Plaintiff brings this as a class action pursuant to Federal Rule of Civil  
17 Procedure 23(a) and (b)(3) on behalf of all persons who purchased New Century  
18 Financial securities during the Class Period. Excluded from the Class are  
19 Defendants, officers and directors of the Company, members of the immediate  
20 families of the Defendant New Century Financial and their legal representatives,  
21 heirs, successors or assigns and any entity in which any he has or has had a  
22 controlling interest.

23 18. This action is properly maintainable as a class action because:

24 a. the members of the proposed Class in this action are dispersed  
25 throughout the United States and are so numerous that joinder of all Class  
26 members is impracticable. While the exact number of Class members is unknown  
27 to Plaintiff at this time and can only be ascertained through appropriate discovery,  
28 Plaintiff believes that Class members number in the thousands. Millions of New

1 Century Financial shares were traded publicly on the New York Stock Exchange  
2 under the symbol "NEW". As of October 31, 2006 had 55,470,607 shares of  
3 common stock outstanding.

4 b. Plaintiff's claims are typical of those of all members of the  
5 Class because all have been similarly affected by Defendants' actionable conduct  
6 in violation of federal securities laws as alleged herein;

7 c. Plaintiff will fairly and adequately protect the interests of the  
8 Class and has retained counsel competent and experienced in class action  
9 litigation. Plaintiff has no interests antagonistic to, or in conflict with, the Class  
10 that Plaintiff seeks to represent;

11 d. A class action is superior to other available methods for the fair  
12 and efficient adjudication of the claims asserted herein because joinder of all  
13 members is impracticable. Furthermore, because the damages suffered by  
14 individual members of the Class may be relatively small, the expense and burden  
15 of individual litigation make it virtually impossible for Class members to redress  
16 the wrongs done to them. The likelihood of individual Class members prosecuting  
17 separate claims is remote;

18 e. Plaintiff anticipates no unusual difficulties in the management  
19 of this action as a class action; and

20 f. the questions of law and fact common to the members of the  
21 Class predominates over any questions affecting individual members of the Class.

22 Among the questions of law and fact common to the Class are:

23 i. whether Defendants' acts and/or omissions as alleged  
24 herein violated the federal securities laws;

25 ii. whether the Company's Class Period public statements  
26 and filings misrepresented and/or omitted material facts;

27 iii. whether Defendants acted with knowledge or with  
28 reckless disregard for the truth in misrepresenting and/or omitting material facts;

1                   iv. whether Defendants participated in and pursued the  
2 common course of conduct complained of herein;

3                   v. whether the market price of New Century Financial  
4 securities was inflated artificially as a result of Defendants' material  
5 misrepresentations and/or omissions during the Class Period; and

6                   vi. to what extent the members of the Class have sustained  
7 damages and the proper measure of damages.

8                   **SUBSTANTIVE ALLEGATIONS COMMON TO ALL COUNTS**

9           19. On April 7, 2006 New Century Financial announced total loan  
10 production for the first quarter 2006 and provided the date for its first quarter 2006  
11 results announcement. The press release stated in part as follows:

12           We are off to a strong start this year with \$13.4 billion in total loan  
13 production for the first quarter of 2006. We are particularly pleased to  
14 have achieved a 31 percent increase in total loan production over the  
15 first quarter of 2005, with approximately 14 percent coming from  
16 organic growth in our non- prime division. While the weighted  
17 average coupon on our non-prime product decreased modestly to 8.4  
18 percent for March 2006 compared with the previous month, we are on  
19 track to meet our profit margin target due in part to tighter credit  
20 spreads and lower loan acquisition costs," said Robert K. Cole,  
21 Chairman of the Board and Chief Executive Officer. "We are pleased  
22 to see signs of a more favorable secondary market for our loans, as we  
23 have successfully entered into forward-sale commitments through  
24 June 2006 with gain-on-sale executions above 102.

25  
26           20. On May 4, 2006, New Century Financial reported its financial  
27 results for the three months ended March 31, 2006. The May 4, 2006 press  
28 release stated in part as follows:

1 First Quarter 2006 Highlights

2 Earnings-per-share (EPS) of \$1.79

3 REIT taxable income(1) of \$1.78 per share fully covered the  
4 corresponding dividend of \$1.75 per share  
5

6 After-tax return on equity(2) was 19.5 percent

7 Securitized \$1.7 billion of mortgage loans at the REIT  
8

9 Total loan production was \$13.4 billion in the first quarter 2006 and  
10 \$4.7 billion in April 2006

11 Maintained non-prime loan acquisition costs (LAC) at 1.66 percent  
12

13 Reaffirms 2006 dividend guidance of \$7.30 per share

14 Financial Results

15 "We achieved strong first quarter 2006 results highlighted by 21  
16 percent growth in EPS, a 17 percent increase in REIT taxable income,  
17 and 31 percent growth in mortgage loan production compared with the  
18 same period last year," said Robert K. Cole, Chairman and Chief  
19 Executive Officer. "We are also pleased to have maintained low loan  
20 acquisition costs, achieved our targeted net operating margin range for  
21 the quarter, and added mortgage loans to our REIT portfolio, which  
22 will contribute to our ability to pay our projected dividend of \$7.30  
23 per share for 2006." The company reported net earnings of \$103.7  
24 million, or \$1.79 per share, for the first quarter of 2006, compared  
25 with \$84.8 million, or \$1.48 per share, for the same period in 2005.  
26 The year-over-year increase in net earnings was primarily attributable  
27 to the growth in mortgage loan production volume and greater  
28 contributions to net earnings from the company's REIT portfolio.

## Mortgage Loan Portfolios

During the first quarter of 2006, the company completed two securitizations structured as financings totaling \$1.7 billion in mortgage loans at the REIT, including one securitization consisting solely of \$0.3 billion of second lien collateral. Substantially all of the collateral in the \$0.3 billion securitization represents second mortgage loans originated in connection with the company's 80/20-mortgage product. "We believe the securitization of second trust deeds allowed us to capture the full economic value of that particular pool of loans," said Kevin M. Cloyd, President of NC Capital Corporation, the company's secondary marketing subsidiary. "The remaining \$1.4 billion of mortgage loans securitized was representative of our core non-prime mortgage loan production and received favorable credit enhancement from rating agencies as a result of lower loss coverage requirements."

At March 31, 2006, the balance of the REIT mortgage loan portfolio was \$14.1 billion and the balance of the taxable REIT subsidiary (TRS) mortgage loan portfolio was \$2.1 billion. The allowance for losses on loans held for investment was \$186.0 million and \$23.8 million for the REIT and TRS portfolios, respectively, representing 1.32 percent and 1.14 percent of the unpaid principal balance of the respective portfolios. This compares with 1.23 percent and 1.22 percent of the unpaid principal balance of the respective portfolios at December 31, 2005. Delinquency rates as of March 31, 2006 and actual losses to date in the company's REIT and TRS portfolios continue to be significantly lower than historical experience. The company's 60-plus day delinquency rates as of March 31, 2006 were 4.46 percent at the REIT and 4.78 percent at the TRS. While actual

1 losses to date have been significantly lower than the company's  
2 expectations, the company continues to build its allowances for loan  
3 losses based on various factors, which include seasoning of the  
4 portfolios, as well as overall economic and market conditions.

#### 5 Mortgage Loan Production by Channel – Non-Prime, Prime and Alt-A

6 The company originates and purchases mortgage loans through two  
7 channels -- Wholesale and Retail. The Wholesale channel originates  
8 and purchases mortgage loans through a network of independent  
9 mortgage brokers and correspondent lenders solicited by its Account  
10 Executives. The company's Retail channel originates mortgage loans  
11 directly through its 240 branch offices and its central telemarketing  
12 unit, as well as through relationships that are referred or solicited  
13 through builders and realtors.

#### 14 Total Mortgage Loan Production

15 Total mortgage loan production for the first quarter of 2006 was \$13.4  
16 billion, a 31 percent increase over the same period a year ago. "Our  
17 key objectives this year include maximizing the capabilities of the  
18 prime and Alt-A platform we acquired in 2005 for future growth and  
19 utilizing that acquisition as a catalyst for expanding the mortgage  
20 products we offer through each of our delivery channels," said Brad  
21 A. Morrice, Vice Chairman, President and Chief Operating Officer.  
22 "This quarter's mortgage loan production results were enhanced by  
23 \$1.9 billion in prime and Alt-A originations and we expect to see even  
24 stronger results as we continue the expansion of our product lines  
25 across all channels."

26 Total mortgage loan production for April 2006 was approximately  
27 \$4.7 billion, or \$0.235 billion in average daily volume, including \$4.0  
28 billion of Wholesale mortgage loan production and \$0.7 billion of

1 Retail mortgage loan production. This compares with \$4.5 billion, or  
2 \$0.214 in average daily volume, for April 2005. The weighted average  
3 coupon for non-prime production in April 2006 was 8.5 percent.

4 "Earlier this week, we announced that Anthony T. (Tony) Meola has  
5 joined the company as Executive Vice President, Loan Production.  
6 Tony will be responsible for managing and expanding our production  
7 franchise, broadening our product menu and increasing productivity.  
8 He brings with him a breadth and depth of knowledge of the mortgage  
9 industry and a passion for constant improvement. We look forward to  
10 his contribution to our continued growth and success," said Mr.  
11 Morrice.

#### 12 Wholesale Channel

13 In the first quarter of 2006, the company originated \$11.4 billion in  
14 loans through its Wholesale channel, representing a 25 percent  
15 increase over the first quarter of 2005. "The growth in Wholesale  
16 mortgage loan production was the result of the superior efforts of our  
17 top-tier Account Executives. As a result, I'm proud to report that our  
18 Wholesale business ranked as the #1 non-prime wholesale lender and  
19 #4 wholesale lender in the overall mortgage market in 2005," said Mr.  
20 Morrice.

21 In February 2006, the company purchased Access Lending  
22 Corporation's platform that provides warehouse lines of credit to  
23 middle-market residential-mortgage bankers. "This acquisition  
24 enables us to offer warehouse lending services to our Wholesale  
25 customers. We are excited about entering this growing market," said  
26 Mr. Cloyd.

#### 27 Retail Channel

28

1 The company's Retail channel originated approximately \$2.0 billion in  
2 loans in the first quarter of 2006, compared with \$1.2 billion in the  
3 year ago quarter. The 75 percent increase in Retail mortgage loan  
4 production was primarily the result of the addition of the origination  
5 platform that the company acquired from RBC Mortgage in  
6 September 2005.

7 TRS Operating Results -- Non-Prime Gain-on-Sale

8 In the first quarter of 2006, the company sold \$11.2 billion of non-  
9 prime loans at a gain-on-sale of 1.67 percent. Gain-on-sale decreased  
10 four basis points from 1.71 percent for the fourth quarter of 2005 as a  
11 result of loans sold in the first quarter of 2006 pursuant to forward-  
12 sale commitments entered into during the fourth quarter of 2005,  
13 when the secondary market was very weak. However, gain-on-sale  
14 progressively improved during each of the months in the first quarter  
15 of 2006. Continuing this trend, the company expects non-prime gain-  
16 on-sale to improve in future quarters of 2006 based on stronger  
17 secondary market demand for its product and forward-sale  
18 commitments extending into the third quarter of 2006.

19 LAC

20 First quarter 2006 LAC of 1.66 percent was effectively unchanged  
21 compared with the fourth quarter of 2005 despite the seasonal  
22 decrease in mortgage loan production volume. The operating expense  
23 component of LAC increased nine basis points and was offset by an  
24 eight basis point decrease in the points and fees component. "We are  
25 particularly pleased that we were able to maintain our loan acquisition  
26 costs at this low level given the decrease in mortgage loan production  
27 that typically occurs in the first quarter of the year," said Patti M.  
28 Dodge, Executive Vice President and Chief Financial Officer.

1 Net Operating Margin

2 "Our net operating margin was 50 basis points for the first quarter of  
3 2006, which was in-line with our previously announced guidance  
4 range. Given our forward-sale commitments and focus on maintaining  
5 low loan acquisition costs, we expect our net operating margin will  
6 improve in the second quarter of 2006 to a range of 60 to 75 basis  
7 points," said Ms. Dodge.

8 TRS Operating Results -- Prime and Alt-A

9 In the first quarter of 2006, the company closed \$2.0 billion in loans  
10 through the prime and Alt-A mortgage loan origination platform and  
11 acted as a broker for an additional \$0.3 billion to third parties. The  
12 results from this platform were a \$0.8 million loss for the quarter,  
13 which is a significant improvement over the \$4.3 million loss in the  
14 previous quarter. "We are pleased to see such progress as we fully  
15 integrate this mortgage loan origination platform and we continue to  
16 believe this business is well positioned to be accretive to EPS in  
17 2006," continued Mr. Morrice.

18 The company has provided the gain-on-sale, LAC and net operating  
19 margin of these operations in tables set forth later in this press release.

20 2006 Outlook

21 "Our strategic objectives for 2006 include achieving consistently  
22 strong operating performance in both our REIT and TRS, broadening  
23 the mortgage products and services available through each of our  
24 delivery channels, and lowering costs while increasing productivity,"  
25 said Mr. Morrice. "We are already making great progress toward  
26 achieving each of these objectives.

27 21. On May 10, 2006, New Century Financial filed with the SEC its Form  
28 10-Q for the first quarter ending March 31, 2006. Defendants Cole, Morrice and

1 Dodge each signed certifications pursuant to Securities Exchange Act Rule 13A –  
2 14 and 15D – 14 Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of  
3 2002, and Certification Pursuant to 18 U.S.C Section 1350, falsely certifying that  
4 they reviewed the Form 10-Q; that the report did not contain any untrue statements  
5 of material fact; and that the financial statements fairly presented in all material  
6 respects the financial condition, results or operations and cash flows of the  
7 Company

8 22. The Company's press release and Form 10-Q for the first quarter  
9 ended March 31, 2006 was materially false and misleading because New Century  
10 Financial did not properly account for some of the home loans it had to buy back.  
11 Like many mortgage lenders, New Century Financial does not keep its loans; it  
12 sells the loans to banks and investors. The deals normally have clauses allowing  
13 investors to force New Century Financial to buy back a loan if the borrower misses  
14 an early payment. Defendants knew but failed to properly account for the home  
15 loans the Company had to buy back. Defendants knew that more investors would  
16 sell back loans because loan repurchases surged throughout 2006 amid payment  
17 defaults

18 23. On July 6, 2006, New Century Financial announced that defendant  
19 Morrice had transitioned to the role of Chief Executive Officer effective July 1,  
20 2006 and will continue to serve as Vice Chairman and President of the company.  
21 New Century announced this transition in February 2006. Defendant Morrice  
22 succeeds defendant Cole, who will continue to serve the company as Chairman of  
23 the Board of Directors.

24 24. On July 10, 2006, New Century announced second quarter 2006 total  
25 loan production of \$16.2 billion, representing a 21 percent increase over the same  
26 period a year ago. The July 10, 2006 press release stated in part as follows:

27 June 2006 total loan production of \$6.0 billion increased 9 percent  
28 compared with May 2006 and brought second quarter total loan

1 production to \$16.2 billion," said Brad A. Morrice, Vice Chairman,  
2 President and Chief Executive Officer, who transitioned into this new  
3 role on July 1, 2006. "The weighted average coupon for our June non-  
4 prime production was 8.4 percent, which reflects an increased amount  
5 of higher credit grade non-prime production. Additionally, we have  
6 raised the coupon on our non-prime loans by 15 basis points over the  
7 past few weeks.

8 We expect that our continued cost reductions and enhanced secondary  
9 marketing execution during the second quarter have improved our  
10 non-prime net operating margin over the first quarter of 2006. As  
11 such, we expect our non-prime net operating margin to be within the  
12 recently increased guidance range of 75 basis points to 85 basis points  
13 for the second quarter of 2006," concluded Mr. Morrice.

14  
15 25. On August 3, 2006, New Century Financial reported results for the  
16 three and six months ended June 30, 2006.

17 Second Quarter 2006 Results and Highlights

18 Earnings-per-share (EPS) of \$1.81

19 REIT taxable income(1) per share of \$1.40

20 Total mortgage loan production of \$16.2 billion; total loan production  
21 for July 2006 of approximately \$5.3 billion

22 Non-prime net operating margin increased to 1.01 percent

23 Non-prime loan acquisition costs (LAC) decreased to 1.51 percent

24 Prime/Alt-A platform achieved profitability

25 After-tax return on equity(2) was 19.8 percent

26 Board declared third quarter dividend of \$1.85 per share

27 Reaffirmed 2006 dividend guidance of \$7.30 per share  
28

1 Chief Financial Officer Patti M. Dodge to transition to newly created  
2 executive role when successor is in place

3 "Our second quarter results are evidence of the strength and stability  
4 of our franchise," said Brad A. Morrice, President and Chief  
5 Executive Officer. "We achieved the second highest quarterly loan  
6 production volume in our history, while substantially improving our  
7 operating margin over the first quarter in a challenging environment.  
8 As a result, our second quarter net earnings were \$105.5 million, or  
9 \$1.81 per share, an 11 percent increase in net earnings compared with  
10 the second quarter of 2005. These results are particularly impressive  
11 considering that we only sold or securitized 82 percent of the loans we  
12 originated in the second quarter, increasing loans held for sale by \$3.0  
13 billion. These loans are covered by forward sales commitments with  
14 premiums in excess of 102, so we expect to realize the related  
15 earnings in the third quarter."

#### 16 Mortgage Loan Portfolios

17 During the second quarter of 2006, the company completed \$1.7  
18 billion in securitizations structured as financings at the REIT level,  
19 including the company's first Alt-A loan securitization of \$0.5 billion  
20 and a \$1.2 billion securitization of non-prime product. "The Alt-A  
21 transaction enhanced our secondary market execution and diversified  
22 our REIT portfolio of mortgage loans with a new asset class," said  
23 Kevin M. Cloyd, President of NC Capital Corporation, the company's  
24 secondary marketing subsidiary.

25 At June 30, 2006, the balance of the mortgage loan portfolio was  
26 \$16.0 billion. The allowance for losses on loans held for investment  
27 was \$209.9 million, representing 1.31 percent of the unpaid principal  
28 balance of the portfolio. This compares with 0.79 percent of the

1 unpaid principal balance of the portfolio at June 30, 2005 and 1.30  
2 percent of the portfolio at March 31, 2006. Delinquency rates as of  
3 June 30, 2006 in the company's portfolio continue to be significantly  
4 lower than historical experience. The company's 60-plus day  
5 delinquency rate as of June 30, 2006 was 4.61 percent compared with  
6 4.50 percent in the previous quarter. The company's 2005 and 2006  
7 vintages are experiencing more normalized delinquency trends than  
8 the 2003 and 2004 vintages, which have performed exceptionally well  
9 when compared with historical experience. "We are comfortable with  
10 our current loan loss reserve levels, which take into consideration not  
11 only normal portfolio seasoning but also our higher cumulative loss  
12 expectations for the newer vintages," said Patti M. Dodge, Executive  
13 Vice President and Chief Financial Officer.

14 REIT portfolio income declined to \$52.0 million in the second quarter  
15 of 2006 compared with \$83.3 million in the first quarter. REIT  
16 portfolio income was \$79.2 million in the second quarter of 2005. The  
17 sequential decrease in REIT portfolio income is primarily the result of  
18 a lower return-on-assets ("ROA") in the second quarter when  
19 compared to the first quarter. ROA declined to 1.49 percent in the  
20 second quarter from 2.34 percent in the first quarter as a result of a  
21 decrease in interest spread attributable to portfolio seasoning and the  
22 expected spread compression that comes with such seasoning. In  
23 addition, the company's shift in 2006 to embedding swaps in its  
24 securitization transactions, which results in a more level yield over the  
25 life of the transaction, also led to a decrease in interest spread. Lower  
26 prepayment income, hedge re-balancing gains and income from hedge  
27 ineffectiveness and other derivative instruments also had a significant  
28 impact on ROA.

1 Mortgage Loan Production by Channel -- Non-Prime, Prime and Alt-  
2 A

3 The company originates and purchases mortgage loans through two  
4 channels - Wholesale and Retail. The Wholesale channel originates  
5 and purchases mortgage loans through a network of independent  
6 mortgage brokers and correspondent lenders solicited by its Account  
7 Executives. The company's Retail channel originates mortgage loans  
8 directly through its 246 branch offices and its central telemarketing  
9 unit, as well as through relationships that are referred or solicited  
10 through builders and realtors.

11 Total Mortgage Loan Production

12  
13 Total mortgage loan production for the second quarter of 2006 was  
14 \$16.2 billion, a 20 percent increase over the same period a year ago  
15 and a 21 percent increase over the first quarter of 2006. Excluding the  
16 prime and Alt- A loan origination platform that was acquired in the  
17 third quarter of 2005, second quarter loan production increased 5  
18 percent year-over-year. For the quarter, the company's Wholesale  
19 channel originated \$13.8 billion of mortgage loans and the Retail  
20 channel originated \$2.4 billion. "We are pleased with the second  
21 quarter's strong loan production volume, which resulted from modest  
22 growth in our core non-prime product coupled with the addition of our  
23 Prime and Alt-A products," said Mr. Morrice. "Additionally, we  
24 introduced a new credit grade during the quarter that serves borrowers  
25 with qualifications between Alt-A and non-prime. We believe this  
26 AAA credit grade is rapidly gaining acceptance in the market place."

27 Total mortgage loan production for July 2006 was approximately \$5.3  
28 billion, including \$4.6 billion of Wholesale mortgage loan production

1 and \$0.7 billion of Retail mortgage loan production. This compares  
2 with \$4.6 billion for July 2005.

3 TRS Operating Results -- Non-Prime Gain-on-Sale

4 In the second quarter of 2006, the company sold \$10.3 billion of non-  
5 prime loans, or 73 percent of the quarter's non-prime production, at a  
6 gross premium of 2.31 percent and a net gain-on-sale of 2.10 percent.  
7 Second quarter net gain-on-sale increased by 43 basis points  
8 compared with 1.67 percent for the first quarter as a result of  
9 improved secondary market execution, which was primarily driven by  
10 a higher weighted average coupon on the company's loans, a more  
11 favorable product mix and stronger secondary market appetite, partly  
12 offset by increases in swap rates that outpaced coupon growth.  
13 Additionally, second quarter net gain-on-sale included 9 basis points  
14 of unanticipated hedging gains.

15 Loan Acquisition Costs (LAC)

16 Second quarter 2006 LAC was 1.51 percent compared with 1.66  
17 percent in the previous quarter. The 15 basis point decline was  
18 primarily a result of the operating expense component of LAC  
19 declining 17 basis points, slightly offset by a modest increase in the  
20 points and fees component.

21 "In the current environment, we believe it is becoming increasingly  
22 important to be a low-cost originator," continued Ms. Dodge. "Our  
23 record low LAC of 1.51 percent is evidence of our ability to use our  
24 size and scale to increase efficiencies and leverage fixed costs, which  
25 we believe is a distinct competitive advantage. I'm pleased that during  
26 a quarter in which loan production increased 22 percent, our cost  
27 controls kept expense growth to only 11 percent compared with the  
28 first quarter of 2006."

1 Net Operating Margin

2 The company's net operating margin for its non-prime loans improved  
3 to 1.01 percent in the second quarter of 2006 from 50 basis points in  
4 the first quarter of 2006. "We are proud to have made such a  
5 significant improvement in our non-prime net operating margin this  
6 quarter," said Ms. Dodge. "We will continue to focus on reducing our  
7 LAC, but expect our operating margins to be negatively impacted on a  
8 go-forward basis by as much as 10 basis points as a result of the  
9 recent Standard and Poor's ABS model changes."

10 TRS Operating Results -- Prime and Alt-A

11 In the second quarter of 2006, the company closed \$2.1 billion in  
12 loans through its prime and Alt-A mortgage loan origination platform  
13 and acted as a broker for an additional \$0.2 billion to third parties.  
14 The company has provided the gain-on-sale, LAC and net operating  
15 margin of these operations in tables set forth later in this press release.  
16 "Consistent with our projections, our prime and Alt-A business  
17 became profitable in the second quarter and reported a net operating  
18 margin of 53 basis points," said Mr. Morrice. "This quarter's net  
19 operating margin was higher than we anticipated as a result of  
20 hedging gains and pair-off fees. A more typical net operating margin  
21 for our prime and Alt-A platform is expected to be in the range of 15  
22 to 20 basis points."

23  
24 26. On August 9, 2006, New Century Financial filed with the SEC its  
25 Form 10-Q for the Second quarter ending June 30, 2006. Defendants Cole,  
26 Morrice and Dodge each signed certifications pursuant to Securities Exchange Act  
27 Rule 13A – 14 and 15D – 14 Adopted Pursuant to Section 302 of the Sarbanes-  
28 Oxley Act of 2002, and Certification Pursuant to 18 U.S.C Section 1350, falsely  
certifying that they reviewed the Form 10-Q; that the report did not contain any

1 untrue statements of material fact; and that the financial statements fairly presented  
2 in all material respects the financial condition, results or operations and cash flows  
3 of the Company.

4 27. The Company's press release and Form 10-Q for the second quarter  
5 ended June 30, 2006 was materially false and misleading because New Century  
6 Financial did not properly account for some of the home loans it had to buy back.  
7 Like many mortgage lenders, New Century Financial does not keep its loans; it  
8 sells the loans to banks and investors. The deals normally have clauses allowing  
9 investors to force New Century Financial to buy back a loan if the borrower misses  
10 an early payment. Defendants knew but failed to properly account for the home  
11 loans the Company had to buy back. Defendants knew that more investors would  
12 sell back loans because loan repurchases surged throughout 2006 amid payment  
13 defaults

14 28. On August 16, 2006, New Century announced that it has priced a  
15 public offering of 2 million shares of 9.75% Series B Cumulative Redeemable  
16 Preferred Stock at \$25 per share. The net proceeds from the offering will be used  
17 for general corporate purposes, including, without limitation, repurchases of the  
18 company's common stock under its stock repurchase program and investments in  
19 the company's on-balance sheet portfolio of mortgage assets.

20 29. On September 13, 2007, New Century Financial announced that the  
21 Company has completed a \$50 million private placement of trust preferred  
22 securities through its wholly-owned subsidiary, New Century Capital Trust I. The  
23 proceeds from the private placement will be used for general corporate purposes,  
24 including, without limitation, repurchases of the company's common stock under  
25 its stock repurchase program and investments in the company's on-balance sheet  
26 portfolio of mortgage assets. The \$50 million of trust preferred securities have an  
27 approximate 30-year term ending September 30, 2036.

28

1        30. On November 2, 2006, New Century Financial reported its financial  
2 results for the three and nine months ended September 30, 2006.

3        Highlights

4        Earnings-per-share (EPS) was \$1.12

5        REIT taxable income(1) per share was \$0.84

6        Total mortgage loan production was \$15.8 billion

7        Non-prime net operating margin was 0.52 percent

8        Record low non-prime loan acquisition costs (LAC) of 1.49 percent

9        After-tax return-on-equity(2) was 12.7 percent

10       Announces acquisition of Irwin Mortgage Corporation's servicing  
11 operations

12       Raised \$107 million in gross proceeds of perpetual preferred and trust  
13 preferred capital

14       Declared fourth quarter dividend of \$1.90 per share; results in total  
15 2006 dividends of \$7.30 per share

16       Appointed Taj S. Bindra as Executive Vice President and Chief  
17 Financial Officer

18       Announces updated financial and secondary market strategy

19       Expects to distribute \$400 million or more to stockholders in 2007  
20 through a combination of dividends and common stock repurchases

21       Third Quarter 2006 Results

22       "Current conditions in our industry are clearly challenging," said Brad  
23 A. Morrice, President and Chief Executive Officer. "In this context,

1 while our \$1.12 quarterly EPS reflects a year-over-year and sequential  
2 decline, it is important to point out that a significant item negatively  
3 impacting our EPS was a \$0.75 per share reduction from marking-to-  
4 market our derivatives not qualifying for hedge accounting treatment.  
5 Notwithstanding the current quarter's impact, we believe our hedging  
6 strategies are effective on an economic basis.

7 "Excluding the hedging-related accounting charges, our operating  
8 results were solid. As expected, we maintained loan production  
9 volume at a level comparable to the previous quarter, achieved record  
10 low loan acquisition costs, and improved portfolio interest spread  
11 before the impact of hedging during the third quarter. Partially  
12 offsetting these positive trends, gain- on-sale declined as a result of  
13 increased rating agency credit enhancement levels and higher loan  
14 repurchases and discounted loan sales," said Mr. Morrice.

#### 15 Gain-on-Sale

16 Loan Sales - In the third quarter of 2006, the company sold \$13.9  
17 billion of non-prime loans at a gross premium of 2.25 percent  
18 compared with \$9.9 billion at a gross premium of 2.33 percent in the  
19 second quarter of 2006. Additionally, the company sold \$410.0  
20 million of non-prime mortgage loans during the third quarter of 2006  
21 at an average discount of 12.9 percent of their outstanding principal  
22 balances compared with \$415.1 million for the second quarter of 2006  
23 at an average discount of 5.0 percent. While the total volume of  
24 discounted loans sales decreased slightly, the severity of the discount  
25 increased due to the inclusion of a higher percentage of non-  
26 performing assets in these sales and a lower average price for loans  
27 with minor defects. Higher loan repurchases and discounted mortgage  
28 loan sales reduced the gain-on-sale margin by 48 basis points.

1 "We expect the volume of discounted loan sales and the severity of  
2 the discount to continue to challenge originators in this industry," said  
3 Mr. Cloyd. "Loan buyers have become more vigilant, increasing the  
4 number of loan files reviewed in their due diligence process and  
5 decreasing the percentage of loans they ultimately purchase. In  
6 addition, loan repurchases have increased as a result of higher early  
7 payment defaults. While we expect this industry trend to continue in  
8 the near-term, we believe our additional underwriting guidelines and  
9 continual focus on process improvement will help mitigate this trend."

10 Impact of Forward Sale Commitments and Rate Locks –

11 The accounting impact of the value of the company's forward sale  
12 commitments and interest rate locks, which are treated as derivative  
13 instruments for accounting purposes but do not currently qualify for  
14 hedge accounting, reduced gain-on-sale by an additional 18 basis  
15 points for a net gain-on-sale of 1.59 percent. Because these derivatives  
16 do not qualify for hedge accounting, the current accounting rules  
17 require that the company mark-to-market forward sale commitments  
18 without a corresponding offset to its mortgage loans or pipeline. Such  
19 marks can be positive or negative to earnings depending on interest  
20 rates outstanding at the end of the quarter. These mark-to-market  
21 adjustments reverse in the period in which the sale settles.

22 Loan Acquisition Costs (LAC)

23 Third quarter 2006 LAC was 1.49 percent of non-prime production  
24 volume, which is a record low for the company and compares with  
25 1.51 percent of non- prime production volume in the second quarter of  
26 2006. "We are pleased with our success in managing our costs on a  
27 dollar basis and as a percentage of loans originated," said Patti M.  
28 Dodge, Executive Vice President and Chief Financial Officer. "We

1 have kept corporate and support headcount relatively flat since the  
2 beginning of 2005, and as a result, do not expect any across- the-board  
3 headcount reductions. However, we will continue to manage  
4 headcount in accordance with our productivity metrics. We will also  
5 continue our other cost reduction efforts, which we believe can lead to  
6 significant further cost reductions. In the current environment, low  
7 loan acquisition costs are one of the keys to profitable operations and  
8 we have among the lowest costs in the non-prime sector."

9  
10 31. On November 9, 2006, New Century Financial filed with the SEC its  
11 Form 10-Q for the third quarter ending September 30, 2006. Defendants Cole,  
12 Morrice and Dodge each signed certifications pursuant to Securities Exchange Act  
13 Rule 13A – 14 and 15D – 14 Adopted Pursuant to Section 302 of the Sarbanes-  
14 Oxley Act of 2002, and Certification Pursuant to 18 U.S.C Section 1350, falsely  
15 certifying that they reviewed the Form 10-Q; that the report did not contain any  
16 untrue statements of material fact; and that the financial statements fairly presented  
17 in all material respects the financial condition, results or operations and cash flows  
18 of the Company.

19 32. The Company's press release and Form 10-Q for the third quarter  
20 ended September 30, 2006 was materially false and misleading because New  
21 Century Financial did not properly account for some of the home loans it had to  
22 buy back. Like many mortgage lenders, New Century Financial does not keep its  
23 loans; it sells the loans to banks and investors. The deals normally have clauses  
24 allowing investors to force New Century Financial to buy back a loan if the  
25 borrower misses an early payment. Defendants knew but failed to properly account  
26 for the home loans the Company had to buy back. Defendants knew that more  
27 investors would sell back loans because loan repurchases surged throughout 2006  
28 amid payment defaults

1        33. On November 17, 2006, New Century Financial reported that the  
2 Company has completed a \$35 million private placement of trust preferred  
3 securities through its wholly-owned subsidiary, New Century Capital Trust II. The  
4 proceeds from the private placement will be used for general corporate purposes,  
5 including, without limitation, repurchases of the company's common stock under  
6 its stock repurchase program and investments in the company's on-balance sheet  
7 portfolio of mortgage assets.

8        34. On January 8, 2007, New Century Financial announced that total  
9 mortgage loan production for 2006 reached a new record high of \$59.8 billion,  
10 which is 6.6 percent higher than the \$56.1 billion originated in 2005. Additionally,  
11 loan production for December 2006 was \$4.8 billion, representing a 9.4 percent  
12 decrease compared with December 2005 and a 6.7 percent increase compared with  
13 November 2006. The weighted average coupon for the company's non-prime loan  
14 production remained at 8.3 percent for December 2006, unchanged from the prior  
15 month.

16        35. Defendant Morrice was quoted as stating"

17                We are pleased to have delivered another year of record loan  
18 production and profitable market share growth given the turbulent  
19 market environment. Our solid results for the year reflect a modest  
20 decline in our non-prime production, offset by the expansion of prime  
21 and Alt-A originations. For 2007, we expect our overall mortgage loan  
22 production to be relatively flat compared with 2006 as we anticipate a  
23 decline in market volume and the impact of our tighter underwriting  
24 guidelines to be offset by the continued roll-out of our Alt-A and prime  
25 products and additional market share growth for our non-prime  
26 products.

27        36. On February 7, 2007 New Century Financial announced that it will  
28 restate its consolidated financial results for the quarters ended March 31, June 30

1 and September 30, 2006 to correct errors the company discovered in its application  
2 of generally accepted accounting principles regarding the company's allowance for  
3 loan repurchase losses. The Press Release stated as follows:

4       The company establishes an allowance for repurchase losses on loans  
5 sold, which is a reserve for expenses and losses that may be incurred  
6 by the company due to the potential repurchase of loans resulting  
7 from early-payment defaults by the underlying borrowers or based on  
8 alleged violations of representations and warranties in connection with  
9 the sale of these loans. When the company repurchases loans, it adds  
10 the repurchased loans to its balance sheet as mortgage loans held for  
11 sale at their estimated fair values, and reduces the repurchase reserve  
12 by the amount the repurchase prices exceed the fair values. During the  
13 second and third quarters of 2006, the company's accounting policies  
14 incorrectly applied Statement of Financial Accounting Standards No.  
15 140 - Accounting for Transfers and Servicing of Financial Assets and  
16 Extinguishment of Liabilities. Specifically, the company did not  
17 include the expected discount upon disposition of loans when  
18 estimating its allowance for loan repurchase losses.

19       In addition, the company's methodology for estimating the volume of  
20 repurchase claims to be included in the repurchase reserve calculation  
21 did not properly consider, in each of the first three quarters of 2006,  
22 the growing volume of repurchase claims outstanding that resulted  
23 from the increasing pace of repurchase requests that occurred in 2006,  
24 compounded by the increasing length of time between the whole loan  
25 sales and the receipt and processing of the repurchase request.

26       Importantly, the foregoing adjustments are generally non-cash in  
27 nature. Moreover, the company had cash and liquidity in excess of  
28 \$350 million at December 31, 2006.

1 Although the company's full review of the legal, accounting and tax  
2 impact of the restatements is ongoing, at this time the company  
3 expects that, once restated, its net earnings for each of the first three  
4 quarters of 2006 will be reduced.

5 In light of the pending restatements, the company's previously filed  
6 condensed consolidated financial statements for the quarters ended  
7 March 31, June 30 and September 30, 2006 and all earnings-related  
8 press releases for those periods should no longer be relied upon. The  
9 company expects to file amended Quarterly Reports on Form 10-Q for  
10 the quarters ended March 31, June 30 and September 30, 2006 as soon  
11 as practicable, with a goal to file by March 1, 2007. The company also  
12 expects that the errors leading to these restatements constitute material  
13 weaknesses in its internal control over financial reporting for the year  
14 ended December 31, 2006. However, the company has taken  
15 significant steps to remediate these weaknesses and anticipates  
16 remediating them as soon as practicable.

17 The company's fourth quarter and full-year 2006 earnings  
18 announcement, originally scheduled for February 8, 2007, has been  
19 postponed to an undetermined future date, which will follow the  
20 company's filing of its amended Quarterly Reports on Form 10-Q for  
21 the quarters ended March 31, June 30 and September 30, 2006.

#### 22 Fourth Quarter 2006 Developments

23 The increasing industry trend of early-payment defaults and,  
24 consequently, loan repurchases intensified in the fourth quarter of  
25 2006. The company continued to observe this increased trend in its  
26 early-payment default experience in the fourth quarter, and the  
27 volume of repurchased loans and repurchase claims remains high.  
28

1 In addition, the company currently expects to record a fair value  
2 adjustment to its residual interests to reflect revised prepayment, loss  
3 and discount rate assumptions with respect to the loans underlying  
4 these residual interests, based on indicative market data. While the  
5 company is still determining the magnitude of these adjustments to its  
6 fourth quarter 2006 results, the company expects the combined impact  
7 of the foregoing to result in a net loss for that period.

8 37. On this news Shares of New Century Financial plummeted 35  
9 percent to closed at \$19.28 with 25 million shares traded.

10 38. New Century Financial did not properly account for some of the  
11 home loans it had to buy back. Like many mortgage lenders, New Century  
12 Financial does not keep its loans; it sells the loans to banks and investors. The  
13 deals normally have clauses allowing investors to force New Century Financial to  
14 buy back a loan if the borrower misses an early payment. Defendants knew but  
15 failed to properly account for the home loans the Company had to buy back.  
16 Defendants knew that more investors would sell back loans because loan  
17 repurchases surged throughout 2006 amid payment defaults.

18 39. In addition, defendants knew that any repurchased loans would be  
19 less valuable. Loan repurchases are bad for mortgage lenders because few  
20 investors would sell back a loan unless it lost value. Piper Jaffray analyst Robert  
21 Napoli said a repurchased loan has typically lost 15 percent to 20 percent of its  
22 value.

### 23 **Applicability Of Presumption Of**

#### 24 **Reliance: Fraud-On-The-Market Doctrine**

25 35. The market for New Century Financial securities was open, well-  
26 developed and efficient at all relevant times. As a result of these materially false  
27 and misleading statements and failures to disclose, New Century Financial  
28 securities traded at artificially inflated prices during the Class Period. Plaintiff and

1 other members of the Class purchased or otherwise acquired New Century  
2 Financial securities relying upon the integrity of the market price of New Century  
3 Financial securities and market information relating to New Century Financial, and  
4 have been damaged thereby.

5 36. During the Class Period, defendants materially misled the investing  
6 public, thereby inflating the price of New Century Financial securities, by publicly  
7 issuing false and misleading statements and omitting to disclose material facts  
8 necessary to make defendants' statements, as set forth herein, not false and  
9 misleading. Said statements and omissions were materially false and misleading in  
10 that they failed to disclose material adverse information and misrepresented the  
11 truth about the Company, its business and operations, as alleged herein.

12 37. At all relevant times, the material misrepresentations and omissions  
13 particularized in this Complaint directly or proximately caused or were a  
14 substantial contributing cause of the damages sustained by plaintiff and other  
15 members of the Class. As described herein, during the Class Period, defendants  
16 made or caused to be made a series of materially false or misleading statements  
17 about New Century Financial's business, prospects and operations. These material  
18 misstatements and omissions had the cause and effect of creating in the market an  
19 unrealistically positive assessment of New Century Financial and its business,  
20 prospects and operations, thus causing the Company's securities to be overvalued  
21 and artificially inflated at all relevant times. Defendants' materially false and  
22 misleading statements during the Class Period resulted in plaintiff and other  
23 members of the Class purchasing the Company's securities at artificially inflated  
24 prices, thus causing the damages complained of herein

25 38. At all relevant times, the market for New Century Financial securities  
26 was an efficient market for the following reasons, among others:

27 (a) on the NYSE, a highly efficient and automated market;  
28

1 (b) As a regulated issuer, New Century Financial filed periodic  
2 public reports with the SEC and the NYSE;

3 (c) New Century Financial regularly communicated with public  
4 investors via established market communication mechanisms, including through  
5 regular disseminations of press releases on the national circuits of major newswire  
6 services and through other wide-ranging public disclosures, such as  
7 communications with the financial press and other similar reporting services; and

8 (d) New Century Financial was followed by several securities  
9 analysts employed by major brokerage firms who wrote reports, which were  
10 distributed to the sales force and certain customers of their respective brokerage  
11 firms. Each of these reports was publicly available and entered the public  
12 marketplace.

13 39. As a result of the foregoing, the market for New Century Financial's  
14 securities promptly digested current information regarding New Century Financial  
15 from all publicly available sources and reflected such information in New Century  
16 Financial's stock price. Under these circumstances, all purchasers of New Century  
17 Financial's securities during the Class Period suffered similar injury through their  
18 purchase of New Century Financial's securities at artificially inflated prices and a  
19 presumption of reliance applies.

## 20 **COUNT I**

### 21 **For Violations of Sections 10(b) of**

#### 22 **The Exchange Act And SEC Rule 10b-5 Promulgated Thereunder**

23 40. Plaintiff repeats and realleges paragraphs 1 through 30, as if set forth  
24 fully herein.

25 41. In connection with the sale of New Century Financial securities  
26 throughout the Class Period, Defendants participated, directly or by acquiescence,  
27 despite a duty to act, in the preparation and/or issuance of materially false and  
28 misleading statements and omissions.



47. As a direct and proximate result of the Section 20(a) Defendant New Century Financial wrongful conduct, Plaintiff and the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

## NO SAFE HARBOR

48. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when made, there was no statement made with respect to any of those representations forming the basis of this Complaint that actual results "could differ materially from those projected," and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is intended to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of New Century Financial who knew that the statement was false when made.

### PRAYER FOR RELIEF

**WHEREFORE**, Plaintiff, on behalf of himself and all other Class members, prays for judgment as follows:

A. A determination that this action is a proper class action and a certification of the Class under Rule 23 of the Federal Rules of Civil Procedure;

1 B. An award of compensatory damages in favor of Plaintiff and  
2 the other Class members against all Defendants for damages sustained as a result  
3 of Defendants' wrongdoing, including interest thereon;

4 C. An award to Plaintiff and the Class of their reasonable costs and  
5 expenses incurred in this action, including counsel fees, expert fees and other  
6 disbursements; and

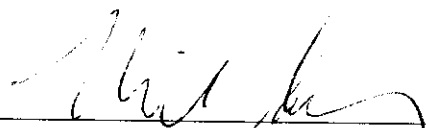
7 D. A grant of such other relief as the Court may deem just and  
8 proper.

9 **JURY DEMAND**

10 Plaintiff demands a trial by jury.

11  
12 Dated: February 8, 2007

13 **GLANCY BINKOW & GOLDBERG**  
14 **LLP**

15  
16   
17 \_\_\_\_\_  
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**Attorneys for Plaintiff Avi Gold**

**PLAINTIFF'S CERTIFICATE**

The undersigned ("Plaintiff") declares, as to the claims asserted under the federal securities laws, that:

1. Plaintiff has reviewed the complaint against New Century Financial Corp. ("NEW") and certain of its officers and directors.

2. Plaintiff did not acquire the security that is the subject of this action at the direction of plaintiff's counsel or in order to participate in this private action or any other litigation under the federal securities laws.

3. Plaintiff is willing to serve as a representative party on behalf of a class, including providing testimony at deposition and trial, if necessary.


4. Plaintiff will not accept any payment for serving as a representative party on behalf of the class beyond the Plaintiff's pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as approved by the court.

5. Plaintiff made the following transactions during the Class Period (in the common shares of NEW:

<b>Purchases</b>			<b>Sales</b>		
<b>Date(s)</b>	<b>Number of Shares</b>	<b>Price</b>	<b>Date(s)</b>	<b>Number of Shares</b>	<b>Price</b>
9 Jan. 07	75	29.75			

6. During the three years prior to the date of this Certification, Plaintiff has not moved to serve or served as a representative party for a class in an action filed under the federal securities laws.

7. I declare under penalty of perjury, this 8 day of February, 2007 that the information above is accurate.

  
 \_\_\_\_\_  
 Avi Gold